

AMENDED IN ASSEMBLY MAY 25, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2608**

---

**Introduced by Assembly Member Bonilla**

February 24, 2012

---

An act to amend Section 14115.8 of the Welfare and Institutions Code, relating to Medi-Cal.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2608, as amended, Bonilla. Medi-Cal: local educational agency billing option.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services and under which qualified low-income persons receive health care benefits. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law provides that specified services provided by local educational agencies (LEAs) are covered Medi-Cal benefits, and requires the department to perform various activities with respect to the billing option for services provided by LEAs. Existing law establishes the Local Educational Agency Medi-Cal Recovery Fund, which consists of proportionately reduced federal Medicaid funds allocable to LEAs, to be used, upon appropriation by the Legislature, only to support the department, until January 1, 2013, to meet the requirements relating to the LEA billing option, the annual amount of which may not exceed \$1,500,000. Existing law requires, as of January 1, 2013, that all moneys in the fund be returned proportionally to all LEAs whose federal Medicaid funds were used to create the fund.

This bill would delete the repeal of these provisions and would require the department to amend the Medicaid state plan and regulatory requirements pertaining to the provision of medical transportation services by LEAs to be no more restrictive than federal requirements. This bill would ~~provide that the payments allocable to LEAs that are reduced pursuant to these provisions shall be reduced no more than as specified and~~ would require that the department provide an accounting of funds collected as a result of ~~these~~ *the above-referenced* reductions in its annual report submitted to the Legislature. ~~It would also~~ *and would* require the department to collaborate with the State Department of Education to help ensure LEA compliance with state and federal Medicaid requirements.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 14115.8 of the Welfare and Institutions
- 2 Code is amended to read:
- 3 14115.8. (a) (1) The department shall amend the Medicaid
- 4 state plan with respect to the billing option for services by local
- 5 educational agencies (LEAs), to ensure that schools shall be
- 6 reimbursed for all eligible services that they provide that are not
- 7 precluded by federal requirements.
- 8 (2) The department shall examine methodologies for increasing
- 9 school participation in the Medi-Cal billing option for LEAs so
- 10 that schools can meet the health care needs of their students.
- 11 (3) The department, to the extent possible shall simplify claiming
- 12 processes for LEA billing.
- 13 (4) The department shall eliminate and modify state plan and
- 14 regulatory requirements that exceed federal requirements when
- 15 they are unnecessary.
- 16 (5) The department shall amend the Medicaid state plan and
- 17 regulatory requirements pertaining to the provision of medical
- 18 transportation services by LEAs to be no more restrictive than
- 19 federal requirements in order to allow LEAs to seek reimbursement
- 20 for school transportation services that are not precluded by federal
- 21 requirements.
- 22 (b) If a rate study for the LEA Medi-Cal billing option is
- 23 completed pursuant to Section 52 of Chapter 171 of the Statutes

1 of 2001, the department, in consultation with the entities named  
2 in subdivision (c), shall implement the recommendations from the  
3 study, to the extent feasible and appropriate.

4 (c) In order to assist the department in formulating the state plan  
5 amendments required by subdivisions (a) and (b), the department  
6 shall regularly consult with the State Department of Education,  
7 representatives of urban, rural, large and small school districts,  
8 and county offices of education, the local education consortium,  
9 and local educational agencies. It is the intent of the Legislature  
10 that the department also consult with staff from Region IX of the  
11 federal Centers for Medicare and Medicaid Services, experts from  
12 the fields of both health and education, and state legislative staff.

13 (d) Notwithstanding any other law, or any other contrary state  
14 requirement, the department shall take whatever action is necessary  
15 to ensure that, to the extent there is capacity in its certified match,  
16 an LEA shall be reimbursed retroactively for the maximum period  
17 allowed by the federal government for any department change that  
18 results in an increase in reimbursement to local educational agency  
19 providers.

20 (e) The department may undertake all necessary activities to  
21 recoup matching funds from the federal government for  
22 reimbursable services that have already been provided in the state's  
23 public schools. The department shall prepare and take whatever  
24 action is necessary to implement all regulations, policies, state  
25 plan amendments, and other requirements necessary to achieve  
26 this purpose.

27 (f) The department shall file an annual report with the  
28 Legislature that shall include at least all of the following:

29 (1) A copy of the annual comparison required by subdivision  
30 (i).

31 (2) A state-by-state comparison of school-based Medicaid total  
32 and per eligible child claims and federal revenues. The comparison  
33 shall include a review of the most recent two years for which  
34 completed data is available.

35 (3) A summary of department activities and an explanation of  
36 how each activity contributed toward narrowing the gap between  
37 California's per eligible student federal fund recovery and the per  
38 student recovery of the top three states.

39 (4) A listing of all school-based services, activities, and  
40 providers approved for reimbursement by the federal Centers for

1 Medicare and Medicaid Services in other state plans that are not  
2 yet approved for reimbursement in California's state plan and the  
3 service unit rates approved for reimbursement.

4 (5) The official recommendations made to the department by  
5 the entities named in subdivision (c) and the action taken by the  
6 department regarding each recommendation.

7 (6) A one-year timetable for state plan amendments and other  
8 actions necessary to obtain reimbursement for those items listed  
9 in paragraph (4).

10 (7) Identification of any barriers to local educational agency  
11 reimbursement, including those specified by the entities named in  
12 subdivision (c), that are not imposed by federal requirements, and  
13 a description of the actions that have been, and will be, taken to  
14 eliminate them.

15 (8) An accounting of funds collected from federal Medicaid  
16 payments allocable to LEAs pursuant to subdivision (g). The report  
17 shall detail amounts withheld from federal Medicaid payments to  
18 each participating LEA for the year.

19 (g) (1) These activities shall be funded and staffed by  
20 proportionately reducing federal Medicaid payments allocable to  
21 LEAs for the provision of benefits funded by the federal Medicaid  
22 program under the billing option for services by LEAs specified  
23 in this section. Moneys collected as a result of the reduction in  
24 federal Medicaid payments allocable to LEAs shall be deposited  
25 into the Local Educational Agency Medi-Cal Recovery Fund,  
26 which is hereby established in the Special Deposit Fund established  
27 pursuant to Section 16370 of the Government Code. These funds  
28 shall be used, upon appropriation by the Legislature, only to  
29 support the department to meet all the requirements of this section.  
30 If at any time this section is repealed, it is the intent of the  
31 Legislature that all funds in the Local Educational Agency  
32 Medi-Cal Recovery Fund be returned proportionally to all LEAs  
33 whose federal Medicaid funds were used to create this fund.

34 ~~(A) Federal Medicaid payments allocable to LEAs under this~~  
35 ~~section shall be reduced by no more than 1 percent for the purpose~~  
36 ~~of funding administrative and processing services costs related to~~  
37 ~~the management of the LEA Medi-Cal Billing Option Program.~~

38 ~~(B) In addition to the amounts described in subparagraph (A),~~  
39 ~~federal Medicaid payments allocable to LEAs under this section~~  
40 ~~shall be reduced for the purpose of supporting the department to~~

1 ~~meet all of the requirements of this section.~~ The annual amount  
2 funded pursuant to this subparagraph shall not exceed one million  
3 five hundred thousand dollars (\$1,500,000).

4 ~~(C) In addition to the amounts described in subparagraphs (A)~~  
5 ~~and (B), federal Medicaid payments allocable to LEAs under this~~  
6 ~~section shall be reduced by no more than 1 percent for the purpose~~  
7 ~~of funding the work and related administrative costs associated~~  
8 ~~with audit requirements to ensure the fiscal accountability of the~~  
9 ~~Medi-Cal billing option for LEAs and to comply with the Medicaid~~  
10 ~~state plan. The annual amount funded pursuant to this subparagraph~~  
11 ~~shall not exceed six hundred fifty thousand dollars (\$650,000).~~

12 (2) Moneys collected under paragraph (1) shall be  
13 proportionately reduced from federal Medicaid payments to all  
14 participating LEAs so that no one LEA loses a disproportionate  
15 share of its federal Medicaid payments.

16 (h) (1) The department may enter into a sole source contract  
17 to comply with the requirements of this section.

18 (2) The level of additional staff to comply with the requirements  
19 of this section, including, but not limited to, staff for which the  
20 department has contracted for pursuant to paragraph (1), shall be  
21 limited to that level that can be funded with revenues derived  
22 pursuant to subdivision (g).

23 (i) The activities of the department shall include all of the  
24 following:

25 (1) An annual comparison of the school-based Medicaid systems  
26 in comparable states.

27 (2) Efforts to improve communications with the federal  
28 government, the State Department of Education, and local  
29 educational agencies.

30 (3) The development and updating of written guidelines to local  
31 educational agencies regarding best practices to avoid audit  
32 exceptions, as needed.

33 (4) The establishment and maintenance of a local educational  
34 agency user-friendly, interactive Internet Web site.

35 (5) Collaboration with the State Department of Education to  
36 help ensure LEA compliance with state and federal Medicaid  
37 ~~requirement~~ *requirements* and to help improve LEA participation  
38 in the Medi-Cal billing option for LEAs.

O